

## Budget release rate hits 74.4% in April

THE Department of Budget and Management (DBM) said it had released 74.4% of the original budget program for 2026 by the end of April.

According to the Status of Allotment Release report, the releases amounted to P5.42 trillion out of the original budget of P6.79 trillion, leaving P1.37 trillion undistributed.

The release rate at the end of last month was running behind the year-earlier pace of 88.7%.

Releases to government agencies and departments amounted to P2.89 trillion at the end of April, equivalent to 78.7% of their allocations, compared to 93.2% a year earlier.

Special-purpose funds released by the end of the month stood at P376.63 billion, representing 52.4% of the funds allocated.

Meanwhile, automatic appropriation releases were at 89.6%, or P2.15 trillion.

These include the National Tax Allotment of P1.19 trillion, P712.5 billion in interest payments, P93.98 billion for the Block Grant, P82.45 billion for retirement and life insurance premiums, and P36.47 billion for a special account in the general fund which includes the P6 billion allotment for the Rice Competitiveness Enhancement Fund, among others.

Other releases amounting to P104.99 billion included continuing appropriations from last year worth P12.06 billion, P79.89 billion in unprogrammed appropriations, and other automatic appropriations worth P13.03 billion.

Including the other releases, budget allotment amounted to 81.3% or P5.52 trillion, leaving P1.27 trillion left undistributed. — **Justine Irish D. Tabile**

# Pax Silica envoy signals US delegation's interest in LEC hub

MORE than a dozen companies are exploring investments in the Luzon Economic Corridor's (LEC) planned artificial intelligence (AI) hub in Tarlac, officials said on Monday, on the occasion of US Undersecretary of State for Economic Affairs Jacob Helberg.

Mr. Helberg, who is overseeing activities linked to the Pax Silica initiative, visited the 9,450-hectare greenfield development, said several major US companies were in the delegation.

"Every single company who's here is interested in potentially being a part of this historic effort," he told reporters present during the site visit.

He declined to identify them but noted that the delegation included over a dozen US firms, some of which are billion-dollar enterprises.

"We actually have a much longer list of companies who are interested in coming, who simply weren't able to make this trip work, but who are planning on coming out. They're all American," he said.

Mr. Helberg said the focus is on building an industrial ecosystem around an anchor tenant, preferably one involved in manufacturing.

Trade Undersecretary Ceferino S. Rodolfo said at least eight companies are part of the immediate investment pipeline, while about 10 more potential investors from Dubai have also expressed interest.

The companies are looking to invest in robotics, electronics manufacturing, AI training, power, renewable energy, and water management systems, he told reporters.

Mr. Rodolfo said the initiative is an opportunity for the Philippines to move toward value-added processing of critical minerals, such as nickel, transforming them into "green" or "tech" metals for use in chipsets and connectors within the AI hub.

He specified that the hub will house manufacturers of "connectors, gold-plated, with copper pins" required for chipset solutions.

Joshua M. Bingcang, president and CEO of the Bases Conversion and Development Authority (BCDA), said Pax Silica project design standards will be aligned with environmental, social, and governance goals.

"The BCDA will be the one approving their concept plan, master plan. And they will have to abide by our design standards and guidelines," Mr. Bingcang said.

He added that heavy industry will not be allowed within the zone, which is being positioned as a balanced community featuring schools, residential areas for engineers, and open spaces.

To address high electricity costs, Mr. Bingcang said an agreement for an embedded 400-MW solar farm is in the works.

"An embedded power plant can offer lower cost," he said, allowing tenants to bypass transmission charges.

He added that the National Grid Corp. of the Philippines

is expected to fund a P7-billion dedicated power connection for New Clark City by the end of 2028.

Regarding concerns over governance, both Philippine and US officials dismissed reports that the hub would operate under US law or grant diplomatic immunity to investors.

Mr. Bingcang and Mr. Rodolfo both indicated that the project will be governed by Philippine laws, specifically the Investors' Lease Act and the BCDA Law.

Mr. Helberg added that while the US will negotiate for robust investor protections during a two-year window, the final framework must make sense for the Philippines.

Technical assessments and engineering site surveys are scheduled to begin next month, with Mr. Helberg predicting that "work will definitely have commenced by next year." — **Erika Mae P. Sinaking**

### Tobacco, from SI/1

Among the countries surveyed, the Philippines posted the highest revenue loss tied to illicit e-vapes. It also had the highest incidence of illegal vape products among markets where e-vapors are legal.

The report estimated that 85.6% of e-vapes sold in the Philippines last year were illicit products.

Meanwhile, illicit cigarettes accounted for 25.3% of the local market, significantly higher than the ASEAN-6 average of 16.1%.

Across Southeast Asia, governments were estimated to have lost a combined \$13.07 billion in revenues in 2024 and 2025 due to illicit tobacco trade.

The report expects the illicit tobacco market in ASEAN-6 to expand further, with illicit trade incidence expected to rise to 27.8% by 2028 from 23.6% in 2025.

Researchers warned that the growth of illicit tobacco trade could weaken government revenues, hurt legitimate businesses and increase risks to consumers.

This affects government revenues and social welfare programs, drives down the profitability of legal businesses, supports illicit activities in the markets and poses health risks to consumers, EU-ABC said.

EU-ABC Executive Director Chris Humphrey said illicit tobacco trade diverts money away from the formal economy and reduces the region's attractiveness to investors.

"Here in the Philippines, the National Calamity Fund could easily be funded if we could stop the illicit trade in tobacco and [collect the proper taxes] from it," he separately told a news briefing.

He added that the problem extends beyond the tobacco industry because widespread illicit trade creates unfair competition and discourages investment across sectors.

"It diminishes the region's attractiveness for investments not just in tobacco, [but]... in other sectors as well," he said.

### 'GOOD ENFORCEMENT'

Firdaus Muhamad, head of consulting for the Asia-Pacific region at Euromonitor, said rising tobacco taxes, affordability pressures and widening price gaps between legal and illicit products continue to fuel demand for illegal products.

"The common trap in this story that we're telling is affordability pressures," he told the briefing. "Annual tax increases and the legal-illicit price gap create room for some illicit products to compete."

He added that illicit operators could still raise prices while remain-

ing cheaper than legal products, allowing illegal sellers to preserve or even expand profit margins.

The EU-ABC estimated illicit tobacco operators in the Philippines earned about \$2.2 billion from illegal trade in 2024 and 2025.

To address the problem, Mr. Humphrey called for stronger regional coordination, especially among ASEAN countries with porous land borders.

He said governments should strengthen cooperation on Customs enforcement and improve digital track-and-trace systems to better monitor tobacco products across borders.

Filomeno S. Sta. Ana III, coordinator of Action for Economic Reforms, said stronger enforcement remains the most effective way to combat illicit trade.

"The key measure is good enforcement," he said by telephone, noting that the Bureau of Internal Revenue, Bureau of Customs and local governments should continue intensifying anti-smuggling operations.

The report also noted that outright bans on e-cigarettes and vape products have not eliminated illicit trade in countries where such restrictions are imposed.

Mr. Sta. Ana noted that while bans could reduce legal sales, they could also expand underground markets if enforcement remains weak.

## BagoSphere hoping to train 500,000 frontline SEA workers in AI by 2035

By **Beatriz Marie D. Cruz** Senior Reporter

SINGAPORE — BagoSphere, a Singapore-headquartered workforce training company, is looking to train 500,000 frontline workers across five Southeast Asian (SEA) countries by 2035, with the aim of helping employees keep up with the global artificial intelligence (AI)-driven economy.

Zihhan Lee, chief executive officer and co-founder of BagoSphere, told *BusinessWorld* that the target covers Southeast Asian workers involved in business process outsourcing (BPO), hospitality, transport, logistics, and micro-finance.

"In the Philippines and in many Southeast Asian countries, the transition for young people coming out of school to work is fraught with a lot of difficulties," he said on the sidelines of the Philanthropy Asia Summit, organized by Singapore's Philanthropy Asia Alliance (PAA) on Monday.

BagoSphere said it will target Southeast Asia's growing informal economy to help such workers enter the formal workforce.

Southeast Asia has about 244 million informal workers, according to the International Labour Organization.

"We want to bring these informal workers into the formal economy, where there is a pathway for them to get out of poverty in a sustainable way," he said.

Founded in 2012, BagoSphere seeks to provide skills and human capability training to frontline workers — or employees who directly interact with customers and patients — to boost their productivity, job-readiness and retention.

It is looking to improve the talent pipeline, retention, and leadership development, Mr. Lee said.

The company derived its name from a Southeast Asian native tree, as well as Bago City in the Philippines' Negros Occidental province, where it began by training 14 unemployed high school students.

It originally focused on supporting workers in the Philippine BPO industry, which was emerging as a key driver of employment in the 2010s. BagoSphere has since expanded its reach to frontline employees in healthcare, microfinance, transportation, food and beverage, retail, and hospitality.

The company has trained over 16,000 Filipino frontline employees since its founding.

Mr. Lee noted that as AI increasingly takes over both routine and complex tasks, companies with frontline employees will rely more on the human touch as a key driver of value.

### Labor slowdown, from SI/1

Real labor income in Asia and the Pacific may decline by 1.5% this year and 4.3% next year, equivalent to hundreds of billions of dollars in lost purchasing power, the ILO said.

The unemployment rate in the region could rise by 0.2 percentage point (ppt) this year and 0.8 ppt in 2027.

For the Philippines, the risks extend beyond overseas employment as remittances, a key driver of consumption, begin to soften.

The ILO said remittance inflows to the Philippines slipped from earlier months, raising concern that prolonged Gulf disruptions could weigh on household spending and growth.

Inflation accelerated to 7.2% in April from 4.1% in March, the fastest in more than three years and exceeding the central bank's 2%-4% target, as higher energy and transport costs fed through the economy.

The ILO said higher prices increase pressure on household purchasing power as overseas income weakens.

It added that if sustained, these trends could weigh on domestic demand and labor markets in the Philippines.

The agency said Asia's exposure is broad because many economies depend on imported fuel and Gulf-linked migration and trade.

About 22% of workers in the region are in high-exposure sectors including agriculture, manufacturing, construction and transport services.

Transport services were among the most vulnerable industries globally, with more than half of workers in high-exposure roles due to fuel reliance.

Manufacturing and construction also face rising costs and weaker demand as energy prices remain elevated.

The ILO said informal workers are likely to bear a disproportionate share of the shock due to weak income protection.

In Asia and the Pacific, about 24% of informal workers are in high-exposure activities compared with 17% of formal workers.

Labor migration is a key transmission channel for the crisis in South and Southeast Asia, the ILO said.

Early evidence from the Philippines and other South Asian countries shows sharp declines in Gulf deployments and rising repatriations.

Globally, the ILO warned that the conflict could erase the equivalent of millions of full-time jobs this year and in 2027 if oil prices stay elevated.

Real labor income worldwide could decline sharply, the ILO added, reflecting higher energy costs and weaker demand.

Benjamin B. Velasco, an assistant professor at the University of the Philippines Diliman School of Labor and Industrial Relations, said the impact might be temporary and unlikely to fundamentally alter migration patterns.

"The Gulf states are wealthy and have labor supply deficits so will be needing migrant workers in the foreseeable future," he said via Facebook Messenger.

Migration to the Middle East has remained resilient for decades despite wars and recessions, he pointed out.

The ILO said governments across Asia are rolling out emergency measures including subsidies, tax relief and migrant worker assistance.

### Growth engine, from SI/1

He said productivity gaps remain wide, with the country producing significantly less output per worker compared with regional peers such as Thailand.

"Competitiveness can be tricky because it's a race," he pointed out. "Development is a marathon, not a sprint. But here's the thing — in this marathon, we are getting left behind."

Anthony Oundjian, Boston Consulting Group Philippines managing director, said the Philippines lags behind its ASEAN peers in terms of output.

"Even though we have the demographics and the consumer market, we really lack scale in productivity per worker," he said. "We are at around one-fourth of Thailand's productivity per worker."

He added that predictability in policy implementation is critical for long-term investment decisions.

Grab Philippines Managing Director Ronald Roda said fragmented local requirements slow business expansion across cities and municipalities nationwide.

Mr. Mustafaoglu said the Philippines could still attract more foreign investment and move up the artificial intelligence (AI) value chain if reforms accelerate.

He said delays in permits, port congestion and complex paperwork continue to raise costs and discourage firms from expanding.

He urged reforms in business registration, border management and trade agreements to improve competitiveness and reduce transaction costs.

He said business registration in the Philippines takes about 78 days versus one day in Singapore and two in Malaysia.

He also said inefficient border processes act like a hidden tariff that raises costs and slows global supply chain integration.

He added that maximizing free trade agreements could boost productivity through cheaper inputs and stronger competition.

"The country already has a foothold," Mr. Mustafaoglu said. "Through semiconductors and intermediate inputs, the Philippines is already connected to the hardware side of AI. But the country is not yet capturing the full opportunity."

## Meralco pushes for solar energy adoption

The Manila Electric Company (Meralco) has reiterated its support for the wider adoption of solar energy, emphasizing that the company itself has embraced solar technology as part of its broader sustainability and energy efficiency efforts.

According to Ronnie L. Aperocho, Meralco has been installing solar panels across its own facilities to demonstrate its confidence in the technology and encourage its responsible use among households and businesses.

"Meralco installed and continued to install solar panels in our own facilities for the same reason many households and businesses are now exploring solar technology—it helps us use electricity more efficiently and responsibly," he said.

Meralco's use of solar is aligned with its long-term sustainability agenda, particularly through its Resource Conservation and Efficiency Program, an energy efficiency initiative launched in 2020.

"As part of this program, we have installed solar panels in our headquarters, business centers, and sector offices to help reduce operational energy use," Aperocho said.

For Meralco, adopting solar technology internally is also about



leading by example, according to the official.

"We believe that if a technology can help save resources and improve efficiency, we should also practice it ourselves," Aperocho said.

"In fact, we have a solar subsidiary, MSpectrum, that has helped many homes and businesses shift to cleaner and more sustainable energy solutions," he added.

Meralco remains committed to advancing sustainability both within its operations and across the communities it serves.

"We will continue to promote and push the responsible use of solar energy, including other eco-friendly technologies, in our quest to foster and encourage sustainability in our operations," Aperocho said.